



# The effects of perceived enjoyment and perceived risks on trust formation and intentions to use online payment systems: New perspectives from an Arab country



Kamel Rouibah<sup>a,\*</sup>, Paul Benjamin Lowry<sup>b</sup>, Yujong Hwang<sup>c,d</sup>

<sup>a</sup> Kuwait University, College of Business Administration, P.O. Box 5486, Safat 13055, Kuwait

<sup>b</sup> Innovation and Information Management, School of Business, Faculty of Business and Economics, K.K. Leung Building, The University of Hong Kong, Hong Kong, China

<sup>c</sup> School of Accountancy & Management Information Systems, DePaul University, 1 E. Jackson Blvd, Chicago, IL 60604, United States

<sup>d</sup> DePaul University, USA and Kyung Hee University, Republic of Korea

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## ABSTRACT

Although there is a large body of research on trust in e-commerce, a crucial gap is that extant studies have not examined the role of perceived enjoyment on trust in the presence of risk perception in Arab countries. In this paper, an online trust model is presented that exhibits the impact of four external factors (personal innovativeness, propensity to trust, familiarity, and presence of third-party seals) on the intention to use an online payment via the mediation of three endogenous variables (enjoyment, risk, and customer trust). The data was collected from Kuwait, an Arab country, with a mixed of data collection survey methods of 150 online questionnaires and 200 paper-based questionnaires. The data was then analyzed using partial least squares (PLS) regression. The findings revealed that customer trust and enjoyment are two important drivers of the online payment adoption, which neutralized risk perceptions. This study discusses these results as well as research and a managerial perspectives that could assist in enhancing online payment acceptance in Kuwait.

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## 1. Introduction electronic payment systems and opportunities

This study focuses on factors that influence the adoption intentions of a new online payment system (CashU.com) through the mediation of trust perceptions in an Arab national context, Kuwait. Electronic Payment Systems (EPS; e.g., credit cards, digital checking, PayPal, AliPay and Google Wallet) enable payment for goods and services without the use of cash. This paper focuses on eEPSs because they are at the core of successful e-commerce, and e-commerce will grow 20% annually worldwide and 30% annually in emerging markets, such as the Middle East and Africa (Reportlinker, 2016). This growth has motivated the study of specific factors that influence the adoption and use of new EPSs. This is an important research area in the context of developing countries in which a small percentage of the population own bank accounts and cash is still preferred over EPS. In fact, in such areas

approximately 82% of transactions are still done using cash (Sokołowska, 2015). Although several studies focused on EPS (Dahlberg et al., 2008; Kim et al., 2010b), there are several key opportunities remaining that are addressed in this study.

First, while there are a variety of stakeholders involved in EPS (Au and Kauffman, 2008) determining the key factors that influence EPS customer adoption is still an open issue, and a variety of EPS alternatives have failed to gain acceptance because of lack of trust and high risk perceptions (Lee, 2009; Kim et al., 2010b; Zhou, 2013; Dahlberg et al., 2015, 2008). This is especially problematic in Arab countries in which EPS adoption rates are low. Because trust is likely to play an essential role in online transactions (e.g., McKnight et al., 2002; Lowry et al., 2008), such as EPS, it is important to identify the antecedents that play an important role in Arab consumers' trust in this context.

Second, although extant e-commerce literature provides sufficient empirical evidence to show that cultural differences influence consumer behavior in general, little is known about consumer EPS behavior in an Arab national context. Previous studies in e-commerce that investigated trust models have argued that there

\* Corresponding author.

E-mail addresses: [krouibah@cba.edu.kw](mailto:krouibah@cba.edu.kw) (K. Rouibah), [Paul.Lowry.PhD@gmail.com](mailto:Paul.Lowry.PhD@gmail.com) (P.B. Lowry), [yhwang1@depaul.edu](mailto:yhwang1@depaul.edu) (Y. Hwang).

may be a relationship between trust and culture, which needs to be further investigated (Gefen, 2000; Lowry et al., 2010). According to Hofstede (2001), members of cultures that are high in uncertainty avoidance (UA) are typically adverse to taking actions that have an uncertain outcome. In an Arab context, the role of UA had been highlighted as having a major effect on the adoption of high UA users towards technology adoption (El Said and Galal-Edeen, 2009; Rouibah and Hamdy, 2009). Engaging in EPS can be seen as an example of an activity with uncertain outcomes which can be minimized by other variables as enjoyment and trust that have relative strengths in an Arab context (as will be seen later), but remains unexplored.

Third, the extant studies in an Arab context also focused more on factors that affect B2C adoption (Al-Maghrabi and Dennis, 2011; Rouibah et al., 2015; El Said and Galal-Edeen, 2009) than those that affect EPS. Also, few of these studies were published in strong IS journals, and thus little is known about Arab B2C adoption by IS researchers (cf. Shoib and Jones, 2003). Therefore, more studies are needed to investigate the unique factors that affect EPS adoption in this context, especially when EPS adoption is lower than in other parts of the world (Sokołowska, 2015). Arab studies have found that trust (El Said and Galal-Edeen, 2009), security (Rouibah et al., 2015), and enjoyment (Rouibah, 2008; Al-Maghrabi and Dennis, 2011) are important drivers for new IT adoption; however, these factors have not been previously integrated as a whole in any previous Arab study and how they may lessen the risk perceptions.

Fourth, researchers have recognized the need to expand the traditional models of technology adoption to investigate other antecedents in technology adoption (Hwang and Kim, 2007; Lowry et al., 2015, 2013). Whereas most existing e-commerce models focus on the cognitive and behavioral dimensions of consumers, the influence of effects such as enjoyment, emotion, and feelings have received less attention, even though these effects are highly important (Hwang and Kim, 2007). And it has long been understood to be important to research emerging technologies in emerging e-commerce contexts (Kauffman and Walden, 2001). Recognizing the role of enjoyment and trust we found that several studies have focused either on one of these two variables (Hwang and Kim, 2007), and to our knowledge, few studies integrated them. Only very few considered enjoyment as an antecedent to EPS adoption (Zhou, 2013), and none investigated how enjoyment and trust may lessen the effect of risk in EPS adoption. This study addresses these opportunities by including perceived enjoyment and perceived risk as antecedents of trust in the adoption model.

We address these four theoretical gaps in the literature that have not been previously considered, and an online trust model was developed and empirically validated using an EPS system (CashU.com). Our model is based on the trust model of Kim et al. (2008) supplemented with the cognitive dissonance theory of Festinger (1957). This is in line with Dahlberg et al. (2015) who suggest to using theories other than TAM and UTAUT to get a deeper understanding of the factors that impact consumer acceptance of EPS. Our model is also based on the recommendations of Kim et al. (2010b, p. 92), who suggested including human factors and other non-technology factors related to consumers and EPS providers to lessen risk perceptions. For the first time, this study proposes a model that mediates the external factors characteristic of a trustee (presence of third-party seals, familiarity, and risk) and characteristic of a trustor (personal innovativeness, propensity to trust, and perceived enjoyment) with the intention of using CashU through trust perceptions and that tested it using a random sample of online shoppers in Kuwait.

This paper provides four main contributions. *First*, this study presents a comprehensive trust model that a consumer from a high UA context uses EPS. It show the role played by enjoyment and

trust and to lessen risk perceptions in EPS adoption. *Second*, this study applies the proposed model in Kuwait, a country characterized with high UA, which received less attention from Western researchers. Our model is validated using a random sample based a mixed-method of data collection, as suggested by Dahlberg et al. (2015). *Third*, strong empirical evidence is provided that trust, and perceived enjoyment are strong determinants of a consumer's intention to use EPS in the context of this study, while the effect of risk perceptions is lessened in presence of these two variables. Finally, linked to previous, the findings of this study provide unique insights that allow practitioners to better understand the role of trust and its antecedents in EPS and to ultimately add trust-building mechanisms into EPS websites and increase its adoption in a high collectivist and high UA Arab country

## 2. Background of EPS and opportunities in the literature

### 2.1. Antecedents and consequences of EPS acceptance

Considerable research has emerged that examined EPS. Online Appendix A summarizes this research, which is also summarized in this section. From reviewing this literature, a number of limitations and research opportunities can be inferred.

First, EPS involves different stakeholders who have different views of their benefits such as consumers and merchants. Au and Kauffman (2008) analyzed the economics issues of these different stakeholders and identified important directions for future research. They found that convincing potential merchants and consumers to use EPSs is one of the most important issues that require more in-depth analysis (Au and Kauffman, 2008, p. 142). We also found that most countries that have seen extent development and focused studies where in mature developing countries such as South Korea (Kim et al., 2010b), Finland (Dahlberg et al., 2015), and the USA (Schaupp and Carter, 2010) compared to fewer studies in developing countries, such as China (Zhou, 2013) and Arab countries (Rouibah et al., 2015).

Second, several studies focused on customers' adoption but ignored the role of trust (Kim et al., 2010a; Yang et al., 2012); however others focused on trust in different EPSs (Kim et al., 2010a,b). Among these studies, some included trust as an independent variable (Hung et al., 2006; Schaupp and Carter, 2010), and very few investigated the antecedents of trust, which include technical protection, transaction procedures, security statements (Kim et al., 2010b), and quality attributes (system, information, and service) (Zhou, 2013).

Third, the majority of studies on consumer trust and its antecedents have identified many mechanisms to increase trust, such as propensity to trust (Moody et al., 2014; Lowry et al., 2014), familiarity (Kim et al., 2008), branding (Lowry et al., 2008), enjoyment (Hwang and Kim, 2007), presence of third-party seals (TPS) (Kim et al., 2010b; Lowry et al., 2012), website quality (Lowry et al., 2008), ease of use (Kim et al., 2010a), and information quality attributes (Zhou, 2013). Among these variables this study selected enjoyment, propensity to trust, familiarity, and TPS.

Fourth, according to Forrester Research, the presence of TPS is important since 40% of visitors to e-commerce websites look for security and privacy seals (Dubin, 2013). Because most customers are not technically proficient and are unable to judge the objective of the technical security measures implemented on vendor websites, it is not the actual security of a website that matters most to users. Instead, security perceptions matter more to most users (Kim et al., 2010b) and more when they have to pay online and enter their online payment details. Thus, the visual logo (i.e., TPS) added behind the form fields of the EPS provider page may increase the perceived trust of customers and reduce their risks. The

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